Crown Corporations Council

A Manitoba Crown Corporation

Third Quarter Report 2006

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Crown Corporations Council
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November 30, 2006

The Honourable Gregory Selinger
Minister responsible for
Crown Corporations Council
103 Legislative Building
WINNIPEG, Manitoba
R3C OV8

Dear Minister:

The Council is required under the Crown Corporations Public Review and Accountability Act to provide a quarterly report. Enclosed is the Report for the three months ended September 30th, 2006.

Yours truly,

Judy A. Murphy, CA

Vice-Chair

Activities of the Council During the Quarter

A staff report on Manitoba Public Insurance was completed. The report highlighted areas of interest that included reserve levels and policy expectations. Risk has not materially changed since our previous report.

Council also reviewed preparations for this year's strategic planning session.

Submissions to Council

During the reporting period, no submissions were made to Council.

Overview

Crown Corporations Council

Financial Statements

For the Nine Months Ended September 30th, 2006 (unaudited)

Operating expenses are recovered from the Crown corporations through assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred.

Expenses for the nine month period were consistent with the same period last year.

Balance Sheet

(unaudited)

	September 30	
	2006	2005
Assets	(thousands of dollars)	
Current		
Cash	**$ 492**	$ 397
Accounts receivable	**1**	-
	493	397
Capital assets (note 2)	**9**	24
	$ 502	$ 421
Liabilities and Reserve Reflecting Net Investment in Capital Assets		
Current		
Accounts payable and accrued liabilities	**$ 70**	$ 56
Levies received in advance	**182**	160
Due to Manitoba Crown corporations	**118**	77
	370	293
Retirement allowances and other benefits payable	**123**	104
	493	397
Reserve reflecting net investment in capital assets	**9**	24
	$ 502	$ 421

Statement of Income and Reserve
Reflecting Net Investment in Capital Assets
(unaudited)

	Nine Months Ended September 30	
	2006	2005
	(thousands of dollars)	
Income		
Recoveries from corporations through levies	**$ 488**	$ 485
Interest	**8**	4
	496	489
Expenses	**507**	500
Excess (deficit) of income over expenses	**$ (11)**	$ (11)
Reserve reflecting net investment in capital assets, beginning of period	**20**	35
Reserve reflecting net investment in capital assets, end of period	**$ 9**	$ 24

1. Recoveries of expenses from Crown corporations

Operating expenses are recovered from the Crown corporations through the assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred. In addition, certain direct costs incurred on behalf of particular corporations are recovered directly from the respective Crown corporations.

2. Capital assets

These are comprised entirely of office furniture and equipment and computer equipment.

	September 30	
	2006	2005
	(in thousands of dollars)	
Cost		
Office furniture and equipment	**$ 61**	$ 61
Computer equipment	**46**	46
	$107	$107
Accumulated depreciation		
Office furniture and equipment	**$ 59**	$ 57
Computer equipment	**39**	26
	$ 98	$ 83
Net book value	**$ 9**	$ 24

3. Retirement allowances and other employee future benefits

The Council provides retirement allowance and pension benefits to its employees. Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees will retire. In addition, adjustments arising from plan amendment, changes in assumptions, and the actuarial present value of the accrued entitlement as at January 1, 2000 are being amortized to expenses on a straight line basis over the expected average remaining service life of the employee group. Actuarial gains and losses are recognized in income immediately.

In addition, one employee is entitled to enhanced pension benefits. The plan is based on final pay and is indexed. The cost of the benefits earned by the employee is charged to expenses as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire.

4. Statement of cash flows

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.